

# THE CHRONICLE

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## News Summary

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**Chicano scholars** need to pay more attention to women's concerns, participants at the meeting of the National Association of Chicano Studies were told. Story on Page 9.

A **top official** of the Education Department has appealed to the private sector to provide merit scholarships for college students. Story on Page 14.

A **decision** by T.I.A.A. and C.R.E.F. to market a "cashable group annuity" has raised again the question of choice in college retirement planning. Story on Page 17.

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**Professors** at Mexican universities are poorly prepared and qualified scientific researchers in that country are in short supply, according to a new study. Story on Page 25.

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## Colleges Urged to File Lawsuits When Defrauded

Lawyers tell universities to be more aggressive in protecting their integrity against student dishonesty and staff members' fraud

By CHERYL M. FIELDS

WASHINGTON  
What should a university do when it finds that an administrator has cost it hundreds of thousands of dollars by setting up phony companies to do business with the institution, hiring bogus consultants, and arranging kickbacks on legitimate contracts?

When Southern Illinois University at Carbondale found that its former executive director for computing affairs had done these things, it did not try to negotiate a quiet settlement. It sued the former director and other ex-employees, as well as several computer companies.

Colleges and universities may be more accustomed to being sued than they are to suing, but when the financial integrity of an institution is involved, filing a lawsuit can have several advantages, some university lawyers believe.

At a recent seminar here on protecting colleges and universities against fraud, sponsored by the National Association of College and University Attorneys, Philip M. Grier, the organization's executive director, said universities seldom sued anyone, but that that attitude was "obsolete." Colleges and universities, he said, "have been under siege for a long time. It's time to fight fire with fire."

"It is fairly unusual for a university to file a lawsuit," acknowledged Shari R. Rhode, chief trial attorney at Southern Illinois. "But I think taking aggressive action to protect the financial integrity of the institution may lead people to be more cautious about perpetrating fraud."

"In our case, we knew where some of the assets were," Ms. Rhode said, and filing a lawsuit enabled the institution to

*Continued on Page 12, Column 3*

## CAN BE 'TRAPS,' TOO

### 2-Year Colleges Offer Haven for Many Hispanic Students

By CHARLES S. FARRELL

EL PASO, TEX.

Only a few years ago, Alfredo Corchado was a high-school dropout who had resigned himself to a future in the fields, picking crops as his parents had and as their parents had before them.

Now the El Paso County Community

College student envisions a future in a different field—journalism.

It is the community college that gave Mr. Corchado the chance and the will to succeed. At one time, he considered attending the University of Texas in El Paso, but he balked because he found the place too imposing. "It is just enormous," he says. "I felt I wasn't prepared. Here, it is more like a high school. I got the basics and gained confidence."

Indeed, he now has so much confidence that he takes courses at both the community college and the university.

Two-year colleges, like the one here, have become havens for many Hispanics who choose to attend college. In 1980, the last year for which figures were available, 54 per cent of Hispanic college students were attending two-year institutions—compared to 36 per cent of white college students.

But many Hispanic educators complain that too many Hispanics are trapped in two-year institutions because they never get the encouragement, support, and courses they need to go on to four-year institutions.

Raphael J. Magallan, executive director of the Hispanic Higher Education Coalition, an organization that advocates in-

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EL PASO COUNTY COMMUNITY COLLEGE  
"I'm encouraged not to change, but to also know I can make it in the white world," says Angelica Hernandez, student at El Paso Community College.

## Peltason to Quit American Council; AAUP Picks Benjamin

WASHINGTON  
Changes in the leadership of two major higher-education associations were reported last week:

► Jack W. Peltason, president of the American Council on Education since 1977, announced he was resigning, effective next September 1, to become chancellor of the University of California at Irvine.

► A spokesman for the American Asso-

ciation of University Professors confirmed that the A.A.U.P.'s National Council had selected Ernst Benjamin to be the association's next general secretary, its chief staff officer.

Mr. Benjamin, a political scientist who is interim dean of the College of Lifelong Learning at Wayne State University, has long been active in the A.A.U.P.

The A.A.U.P. spokesman said a contract

## U.S. Refuses to Act on Sex-Bias Charge at U. of Maryland

Says the Grove City decision denies agency jurisdiction

WASHINGTON

The Education Department told the University of Maryland at College Park last week that although civil-rights investigators had found sex bias in the way it treated its female athletes, a recent Supreme Court decision prevented the agency from moving against it.

"We have concluded that we don't have jurisdiction," said Laurie Snow, a spokesman for the Education Department's Office for Civil Rights.

No federal funds helped finance the activities in which investigators found that women athletes were treated less generously than male athletes, so the department determined it had no jurisdiction, she said. The Supreme Court ruled three weeks ago that an anti-sex-bias law applied only to the one federally assisted program at Grove City College—its student financial-aid program.

Ms. Snow said she could not estimate how many other cases the department might drop because of the Supreme Court's ruling on the scope of Title IX of the Education Amendments of 1972. Title

*Continued on Page 16, Column 1*

between the association and Mr. Benjamin was still in the negotiating stage, and that a new general secretary had not yet been appointed. Mr. Benjamin would replace Irving J. Spitzberg, Jr., general secretary since 1980, who is stepping down at the end of June.

A past president of the Wayne State chapter of the association, Mr. Benjamin

*Continued on Page 12, Column 1*

## 'In' Box

The pay raises of college and university faculty members in 1983-84, besides exceeding the inflation rate for the second year in a row, are running well ahead of the average wage adjustment gained through collective-bargaining contracts by major state and local employee unions in 1983.

Survey estimates put this year's faculty pay increases near 6 per cent. In contrast, the U.S. Bureau of Labor Statistics reports, raises under 46 bargaining agreements for about 500,000 state and local employees last year averaged 4.4 per cent for the first contract year and 5.1 per cent annually over the life of the contracts.

Those increases, though nearly twice as great as gains reported for private-industry contracts last year, are the smallest for the public employees since the federal statistics were first gathered in 1979.

Friction has developed between faculty members and administrators at the University of California at Berkeley over a university decision to pay higher and more competitive salaries to some business and engineering professors.

Neil J. Smelser, professor of sociology and chairman of the academic senate, said the decision had contributed to the creation of a special senate committee that will review the institution's policies on promotion and salary.

In his charge to the committee, Mr. Smelser said the group should work to enhance faculty participation "in the processes of appointing, advancing and retaining academic personnel."

Concern that average faculty salaries at the University of Wisconsin at Madison are not competitive with those of other major public universities has prompted a faculty panel there to warn that, unless salaries are increased immediately, Wisconsin's top professors will leave and its reputation will suffer.

The panel, known as the Commission on Compensation and Economic Benefits, called the university's salaries "shockingly lower than those of other universities with which it competes for talent."

A resolution urging immediate salary hikes, based on the panel's recommendations, has been endorsed by various faculty groups and the campus's faculty senate. State legislators and Gov. Anthony S. Earl will be asked to consider the resolution in budget decisions.

"This is a more aggressive stand than we've taken before, and we're taking it because we feel the quality of the university stands to suffer if we do not offer competitive salaries," said Jon G. Udell, chairman of the compensation commission.

The panel recommended initial pay raises of 6.2 per cent to 14.4 per cent, depending on faculty rank.

Faculty members at the Madison campus received no salary increase this year. They are slated for a 3.84-per-cent increase next year.

## Personal & Professional

# A Matter of Choice: College Employees Weigh Options for Retirement Savings

As institutions offer new investment plans, people are asking: Should we switch?

By ROBERT L. JACOBSON

A decision by higher education's two most popular pension companies to market a "cashable group annuity" next fall has focused fresh attention on the subject of choice in college and university retirement planning.

The new plan itself, to be offered by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, will have several limitations, and it is not clear whether many institutions will agree to make it available.

Officials of T.I.A.A. and C.R.E.F. also have made a point of saying they do not recommend the cashable plan even though their trustees approved it. Long opposed to such an approach on the ground that it would jeopardize educators' retirement security, the officials acknowledge that they are adding cashable annuities mainly because, in an increasingly competitive pension market, college and university representatives have been asking for them.

Meanwhile, dissatisfaction with existing T.I.A.A.-C.R.E.F. pension plans has led scores of institutions to give their employees a broad new range of investment options—many of them with different rules, different levels of return, and different risks.

As a result, thousands of college and university employees who previously had

no basic program for their retirement money besides the fixed annuities of T.I.A.A. or the variable annuities of C.R.E.F. now are asking, Should we switch? And if so, how should we choose among the options?

Experts on pensions and tax law say there are no right or wrong answers to such questions—only individual choices to be made, based on each person's consideration of the facts and how he or she interprets them, with or without the direct assistance of a professional adviser.

Where does that leave the faculty member or administrator whose institution is willing to channel pension contributions into something other than the traditional T.I.A.A.-C.R.E.F. programs?

### Meeting at Georgetown

Not long ago, several dozen faculty and staff members at the Georgetown University Law Center explored that subject with two local experts, Roy A. Schotland and Daniel I. Halperin, both professors of law at the center. Mr. Halperin is an authority on tax law and Mr. Schotland, a leading advocate of improving the performance and flexibility of T.I.A.A. and C.R.E.F., is a specialist in pensions and investment policy.

The catalyst for the meeting was a newly announced retirement program at Georgetown that allows participants to invest

their pension money in any of 35 different accounts, most of them mutual funds, in addition to the T.I.A.A.-C.R.E.F. annuity plans that the university has been offering since the 1960's. Nine of the new accounts are restricted to employee contributions only—with none from the university—because a selection committee considered them too risky or, in one case, too weak.

From the meeting, as well as from interviews with the two professors and material distributed by them and by Georgetown's office of insurance and retirement, comes a sense of the kinds of decision that academic employees throughout the country face.

According to Mr. Schotland, the principal speaker at the meeting, employees should think about four personal factors when they develop an investment strategy for retirement—their age, their existing and potential assets, the main purpose of their pension contributions, and how comfortable they are with risk-taking. Each has a bearing on how aggressive or conservative an approach they should take, he believes.

Age is important, he says, because the closer people get to retirement, the more their latest investment choices are likely to affect the amount of their retirement income. Older people may thus wish to avoid

*Continued on Following Page*

## 5.7-Pct. Raises Reported for 'Continuing' Faculty

By JEAN EVANGELAU

Average salaries of "continuing" faculty members—those who taught fulltime at the same institution last year and this year—are up 5.7 per cent this academic year, according to preliminary results of a survey by the American Association of University Professors.

Last year the association reported a 7.9-per-cent increase for such people.

The latest figures reflect "salary compression," the A.A.U.P.'s report noted, with assistant professors receiving larger increases than full and associate professors.

"This is not surprising," the report continued, "because when salary-increase money is tight there is a tendency to give flat sums across the board rather than percentage increases."

Both this year and last year, the largest percentage increases were recorded at private, non-church-related institutions. The 1983-84 average increase at those institutions was 7.6 per cent, down from 10 per cent last year.

In both years public institutions had the smallest percentage gains—5 per cent this year and 7.1 per cent in 1982-83.

Increases by type of institution ranged from a high of 7.1 per cent at specialized institutions to a low of 4.3 per cent at two-year colleges without academic rank.

For the 12 months ending January 31, 1984, the rate of inflation was 4.1 per cent.

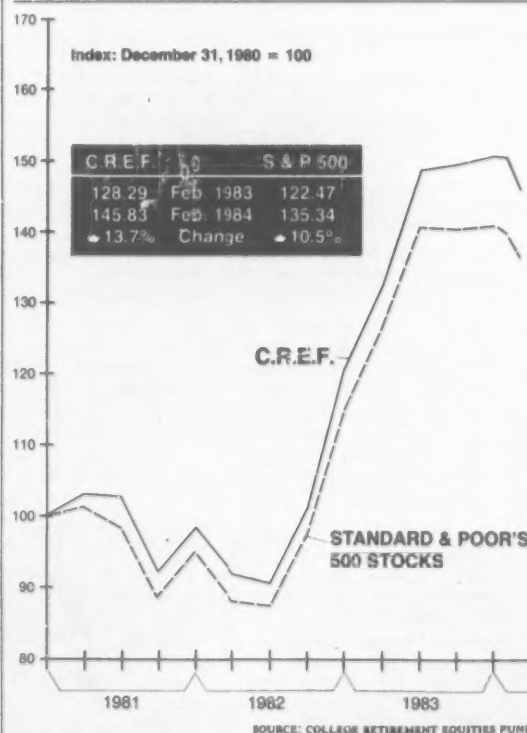
The association's figures are

A table of salary increases for continuing faculty members appears on Page 20.

based on data from 1,389 colleges and universities. The survey was prepared by Maryse Eymonerie Associates in McLean, Va.

The report speculated that, although the data were not yet available, the percentage increase for continuing faculty members would probably be higher than the average percentage increase for all faculty members, "because of the larger salary increases for continuing faculty members."

## Pension Money in the Stock Market



Pension funds invested in common stocks by the College Retirement Equities Fund had a total investment return (changes in market value, plus dividends, less investment expenses) of 13.7 per cent during the 12 months ending February 29. The value of one "accumulation unit" (share) for February was \$64.21.

## Leadership Development PROGRAMS

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- Accountability in higher education
- The changing nature of leadership styles: diagnosing and selecting department chairpersons

Financial assistance is available for all programs, partially supported by a grant from the General Services Foundation.

**Write or call** for details about this and other ACE Leadership Development Programs:

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## Who can you call when an international student is hospitalized?

Every year, tens of thousands of international students become sick and injured while in the U.S. When this happens, the situation is vastly different from that faced by American students:

- The resulting medical bills are usually not satisfied by university insurance plans, which are designed for American students.
- Their parents rarely have "back-up" medical insurance plans acceptable in the U.S.
- Many of these students must be transported to their home countries under costly medical evacuation or repatriation conditions.
- International students can thus be faced with overwhelming medical bills and no money to pay for them.

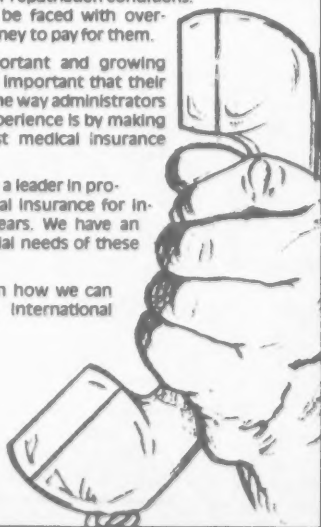
International students are an important and growing factor in university enrollments. It's important that their experiences here be positive ones. One way administrators and deans can contribute to this experience is by making sure these students have the best medical insurance possible.

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## New Investment Options for Retirement: 'You've Got to Decide Your Risk Level'

*Continued from Preceding Page*

the stock market, since a sudden downturn could leave them with fewer dollars just when it's time for them to purchase an annuity.

Younger employees, on the other hand, may feel relatively free to invest in stocks, Mr. Schotland says. The reason is that, although "the values will bounce around, over the long haul stocks will outperform fixed-income investments." At least that is the conclusion to be drawn from "very long historical records," he says.

The question of assets boils down to considering all other sources of current and potential retirement income. For example, someone who already expects a substantial flow of funds from a trust account or whose spouse is providing a second income may be in a better position to select from a broad range of pension funds than is someone who is just starting out, Mr. Schotland suggests.

Under Georgetown's plan, which is similar to those being offered by a number of other institutions, participants agree to contribute 3 per cent of their annual compensation to their retirement accounts, and the university adds 12 per cent. That can add up to a lot of money over the years, and employees should consider what purposes they and their dependents want it to serve, Mr. Schotland says.

"This is an absolutely crucial consideration" in selecting an investment vehicle, he says. If an employee's retirement fund also constitutes the bulk of his or her life insurance or overall savings, he explains, "you don't want a particularly volatile set of dollars."

Finally, he says, "you have got to decide your risk level." How would you react, for example, if the value of your investment suffered a substantial and sustained drop? "Some people just literally are not going to sleep nights if their investments bounce around," Mr. Schotland observes.

On the other hand, how would you feel if the stock market suddenly took off and you were "sitting on the sidelines in, say, three-year certificates of deposit? Which would upset you more—losses or lost opportunities?"

### Investment Groups Described

To help its employees deal with the new choices, Georgetown has distributed three publications. One, an overview, includes summary descriptions of T.I.A.A., C.R.E.F., and three other investment groups under which the options are provided—Fidelity Distributors Corporation, the Vanguard Group of Investment Companies, and the Equitable Life Assurance Society.

The overview also discusses the advantage to an employee of using a "salary reduction" method for retirement savings instead of paying for the contributions with after-tax income; the effect of inflation on building a pension; and the role of Social Security benefits in retirement planning.

The other publications compare Georgetown's 35 investment options by type, objective, and performance.

The use of salary reductions for pension contributions is characteristic of many college and university plans. Essentially it means that for the same out-of-pocket expense, employees can accumulate substantially

larger retirement accounts than they would if they did not reduce their salaries, paid taxes on the amount involved, and invested what was left after taxes in a conventional savings plan that did not allow earnings to be compounded tax free.

"In effect," the Georgetown brochure explains, "by deferring taxes on both your retirement savings and the earnings on those savings, you earn interest on the government's money as long as it stays in your plan account."

The principle is the same one that applies to Individual Retirement Accounts and is a major reason for their popularity. The benefit is so clear-cut, in fact, that many taxpayers have been advised to take out an

year-old Georgetown professor earning \$40,000 a year has total pension contributions (his own and the university's) of \$6,000 a year for 20 years. With average earnings of 8 per cent a year, he could accumulate enough money to provide lifetime retirement income of \$3,200 per month from age 65.

Put what would that money be worth after adjustments for inflation—averaging, say, 5 per cent a year? Twenty years from now, the Georgetown brochure indicates, \$3,200 would be worth only \$1,216 in terms of today's dollars.

"The importance of building the greatest retirement income possible is obvious," the brochure concludes.

At the same time, it says, George-

### How Salary-Reduction Method Boosts Pension Accumulations

| Age of participant when savings start | Avg. earnings of savings per year | After-tax accumulation at age 65     |                                     |
|---------------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|
|                                       |                                   | Salary reduction of \$1,000 per year | After-tax savings of \$660 per year |
| 25                                    | 5%                                | \$ 80,000                            | \$ 53,000                           |
|                                       | 10%                               | 292,000                              | 119,000                             |
|                                       | 15%                               | 1,174,000                            | 284,000                             |
| 35                                    | 5%                                | \$ 44,000                            | \$ 33,000                           |
|                                       | 10%                               | 109,000                              | 58,000                              |
|                                       | 15%                               | 287,000                              | 107,000                             |
| 45                                    | 5%                                | \$ 22,000                            | \$ 18,000                           |
|                                       | 10%                               | 38,000                               | 26,000                              |
|                                       | 15%                               | 68,000                               | 37,000                              |
| 55                                    | 5%                                | \$ 8,000                             | \$ 8,000                            |
|                                       | 10%                               | 11,000                               | 9,000                               |
|                                       | 15%                               | 13,000                               | 10,000                              |

SOURCE: GEORGETOWN UNIVERSITY

The table above shows, for various time periods and earning rates, how much money an unmarried college employee in the 34-per-cent marginal tax bracket would accumulate for retirement at age 65 by using tax-sheltered salary reductions of \$1,000 per year, compared with accumulations from after-tax savings of \$660 per year (the amount that would be left if no salary reduction were taken).

I.R.A. even if they have to borrow the money to do so; in many cases they would still come out ahead.

Mr. Halperin says employees can think of their retirement programs as an opportunity to receive the equivalent of tax-free returns on their investments.

A table in the Georgetown brochure shows how valuable the salary-reduction method can be for pension contributions.

Assuming an employee is in the 34-per-cent marginal tax bracket in 1984—meaning a taxable income of about \$28,800—each \$1,000 in contributions would save that person \$340 in federal taxes for the year. That would mean a net "cost" of \$660 to generate retirement savings of \$1,000.

A 35-year-old faculty member who earned an average of 10 per cent a year on such tax-sheltered investments over 30 years would accumulate \$109,000 by retirement, the table shows. In contrast, someone earning the same rate on after-tax investments of \$660 per year would accumulate only \$58,000. Over 40 years, the accumulations would be \$292,000 and \$119,000, respectively.

Putting money away for retirement is not always easy, the Georgetown brochure observes, "but it is necessary." One reason is the potentially "awesome" effect of inflation, it says. Consider these numbers: A 45-

town employee should not expect Social Security benefits to play more than a minor role in meeting their retirement needs—probably no more than 30 per cent of pre-retirement income for the average faculty member.

Maximum Social Security benefits today are \$703 per month for an unmarried person and \$1,406 per month for a married couple if both spouses qualify for full coverage. Beginning this year, however, some of the benefits could be erased by a new tax.

If half the Social Security benefits plus adjusted gross income—including pension income and tax-exempt interest—exceeds \$25,000 for a single taxpayer or \$32,000 for a married couple filing a joint return, half the excess will be taxed as ordinary income up to a maximum tax equaling half the Social Security benefits.

### Flexibility the Key

The key pension issue for most people thus becomes a matter of trying to figure out which investment options are likely to produce the most retirement income without going beyond what, for them, is an acceptable risk.

With choices as varied as those Georgetown is now offering, some employees may feel unsure how to proceed. But the university stresses that the heart of the new retirement program is flexibility, so no partici-

pant should feel intimidated by the options.

"Choosing among these alternatives is not an 'either / or' decision," it says. "You can divide your retirement-plan money among several, if you so choose. Of course, it will take some study on your part before making your decisions. You may decide to leave things just as they are, or you may choose a combination of investments. Whatever your decision, you're not making a lifetime commitment. You can change most of your choices easily."

Since Georgetown's new options became available on January 1, about 9 per cent of about 1,500 eligible employees have elected to invest at least some of their new retirement contributions in alternatives to T.I.A.A. and C.R.E.F., reports Samuel Browne, executive director of insurance and retirement at the university. He says he expects the percentage to increase soon.

#### Performance and Risk

Much of the recent meeting at Georgetown's law center centered on assessing performance and risk. Mr. Schotland, for one, maintains that many investors, while looking closely at performance, pay too little attention to risk.

"It's harder to capture risk in numbers," he says, but it has to be considered. Performance is only "half the picture."

Performance information is generally available from the companies themselves, as well as from analytical services and publications. The data typically include investment returns for the past year, as well as for longer periods—typically 3, 5, or 10 years.

To analyze the risk of going with a particular fund, Mr. Schotland notes, investors can turn to a variety of sources. These include equity-fund ratings and such technical data as standard deviations, price-earnings ratios, volatility coefficients (called beta), and other figures (called alpha) that gauge the difference between a fund's actual yearly performance and the performance one would expect of it, given its "characteristic" volatility.

Participants in Georgetown's retirement program have already received comparative performance data for all 35 of their investment options from the university's office of insurance and retirement. Mr. Browne says the office is about to

### Carter Pension Aide to Direct New Study

NEW YORK

Thomas C. Woodruff, a consultant in labor relations and pension funds who headed the President's Commission on Pension Policy in the Carter Administration, has been named executive director of the recently formed Commission on College Retirement.

Mr. Woodruff is a former visiting associate professor at Cornell University's School of Industrial and Labor Relations. He is scheduled to begin full-time work with the commission on April 2.

The 18-member panel, which has been asked to publish a report by the end of 1985, was created by four foundations—the Carnegie Corporation of New York, the Ford Foundation, the William and Flora Hewlett Foundation, and the Andrew W. Mellon Foundation. The commission's chairman is Oscar M. Ruebhausen, a New York lawyer.

## How Not to 'Murder Yourself' in the Market

Roy A. Schotland, a law professor and pension expert at the Georgetown University Law Center, has offered academic colleagues many broad suggestions on investment strategy, although he stresses that no one should regard his observations as advice on what a particular person should do. These are among his recommendations:

► "If you are going to try to move in and out of a fund based on whether you think the market is high or low, you are

[probably] going to murder yourself."

► The greater the risk of an investment, the higher its return should be. In general, the higher the price-earnings ratio, the higher the risk.

► Use tax-sheltered vehicles such as your college's retirement program for more conservative investments, and use other sav-



Schotland

ings for higher-risk ventures that you think will produce substantial capital gains. The tax benefits are likely to be more favorable that way.

► The most important concept in investment selection, aside from the relationship between return and risk, is diversification. If people knew for certain which fund was going to do best, "we would all go there." But no one does know, so diversification generally is the key to reducing risks.

—R.L.J.

contract with Lipper Analytical Distributors, Inc., for periodic updates. He adds that other useful information is reported regularly in newspapers and financial publications—such as *Barron's*, a weekly produced by Dow Jones & Company, and *Forbes* magazine, which provides annual performance data on mutual funds every August.

Mr. Schotland, meanwhile, advocates a diversified approach to retirement investments. For those who already have a substantial build-up in C.R.E.F., he sees "no reason" not to put future contributions in other accounts. The Georgetown options include some strong, conservative mutual funds that should enable investors virtually to "replicate" C.R.E.F., he says, with the added advantage of tax-free "rollovers" at any time—something that T.I.A.A. and C.R.E.F. do not allow.

#### Limit on Rollovers

Even the cashable group annuities planned for next fall will not allow rollovers as a matter of course, officials of the two companies say. The new policies will be fully cashable and rollable at retirement, or whenever employees leave their institutions, but at no other time.

Rollovers will be permitted into Individual Retirement Accounts and other employer-sponsored plans, but some of those plans, under Section 401A of the Internal Revenue Code, will have to satisfy certain requirements for participation and avoid discrimination in favor of highly paid officials.

According to Donald S. Willard, an executive vice-president at T.I.A.A. and C.R.E.F., those two companies' regular annuity programs, among other so-called 403(b) plans, do not have to meet the rules on participation and nondiscrimination. He also notes that full cash withdrawals will be required, even if a participant wants to roll only some of it into another fund.

Another limitation will prevent participants from transferring money into the new plan from previously established T.I.A.A.-C.R.E.F. accounts.

#### T.I.A.A. Performance in Question

Mr. Schotland says he has been unable to judge adequately the performance of T.I.A.A. because the company has not reported its assets at market value. However, a notice that the company recently mailed to participants said that, for the year beginning March 1, T.I.A.A. annuities would earn 11.5 per cent on accumulations credited since January 1, 1982. The interest rate is down from 12.25 per cent last year and 14 per cent in 1982.

One Georgetown faculty member who has money in both T.I.A.A. and C.R.E.F.—Richard H. Chused, associate professor of law—agrees with

Mr. Schotland that it is difficult to measure T.I.A.A.'s quality. He says he's likely to switch entirely to other investments, but that he could see staying with T.I.A.A. more readily than with C.R.E.F., which has been outperformed in recent years by various mutual funds.

The companies' decision to offer a new cashable group annuity next fall

follows other steps to increase participants' options. A new money-market annuity is in the planning stages, and, effective in June, age restrictions will no longer apply to policyholders' rights to withdraw up to 10 per cent of their total accumulations in a lump sum at retirement or to transfer C.R.E.F. funds into T.I.A.A. Details of those changes ap-

peared in the February issue of the companies' newsletter, *The Participant*.

Related information is contained in two free booklets, *Allocating Premiums Between TIAA and CREF* and *Some Thoughts About the CREF Transfer-to-TIAA Option*. The companies' address is 730 Third Avenue, New York 10017.

#### Booklet on Distributions

Another free publication, published by E. F. Hutton and Company, is *Lump Sum Distributions: What Are They and How Do I Make the Most of Them?* For a free copy, write to Gary J. Strum, First Vice-President, E. F. Hutton, 26 Broadway, Room 1001, New York 10004.

In addition, transcripts of the recent Georgetown meeting on retirement options—along with risk and performance data—are expected to be available by the end of April. To request a copy (but not before mid-April), send a self-addressed, 9-by-12 envelope with \$1.22 postage on it to Roy A. Schotland, Georgetown University Law Center, Washington 20001.

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# THE CHRONICLE

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## News Summary

Articles on inside pages

**For answers** about campaign finance, politicians and journalists turn to a University of Southern California scholar. Story on Page 5.

**An official historian** of the House of Representatives has finally been appointed, after years of lobbying by scholars. Story on Page 9.

**Professors** must accept school-teachers as equals if cooperation between colleges and public schools is to work, speakers at the meeting of the American Association for Higher Education said. Story on Page 12.

**Tuition and housing benefits** for faculty members would continue to be exempt from taxation under a bill approved by the Senate Finance Committee. Story on Page 15.

**A bill** approved by a House committee would authorize the N.S.F. to spend \$40-million more than the President requested to give researchers more access to supercomputers. Story on Page 15.

**To protect themselves** against an increasing number of lawsuits against colleges and faculty members, many professors are buying individual liability insurance. Story on Page 21.

**The Supreme Court** last week heard the N.C.A.A.'s arguments that it should remain the sole purveyor of the rights to televise college football games. Story on Page 27.

**Quebec** has become the first Canadian province to begin charging higher tuition to college students from elsewhere in the country. Story on Page 31.

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## Tight Budgets and 'Socialistic' Image Plague Britain's Open University

By DAVID WALKER

LONDON

Britain's Open University, the best known of the nontraditional institutions that offer alternative paths to a university degree, has fallen on hard times, with cutbacks in its enrollment and a warning from a member of the Cabinet that it must reassess its "future direction."

The university, which accepted its first students in 1971, has been widely studied by educators from the United States and elsewhere as a model of nontraditional education. Similar institutions have been developed in at least 10 countries, and Open University materials are now

being used by colleges and universities that belong to the U.S.-based International University Consortium for Telecommunications in Learning.

Spokesmen for the university say that Prime Minister Margaret Thatcher and her Cabinet have undervalued its innovative programs of "distance learning" and its potential for providing professional training and adult education.

Long suspected of "socialistic tendencies" by British conservatives, the university has been criticized for paying insufficient attention to scientific and technological fields and for failing to develop useful

*Continued on Page 33, Column 1*

## 2 Indicted, 40 Under Investigation in FBI Probe of 'Diploma Mills'

By CHARLES S. FARRELL

The Federal Bureau of Investigation is in the midst of a massive crackdown on the sale of fake college diplomas.

A federal grand jury has indicted officials of two of the "diploma mills," and as many as 40 more may be the subject of indictments in the months to come, according to Special Agent Allen Ezell of the bureau's Charlotte, N.C., office, which is conducting the investigation, known as "Dipscam."

The sale of bogus diplomas is a big business that is getting bigger, Mr. Ezell said. Some diploma mills have thousands of "graduates" and bring in millions of dollars, he said.

John B. Bear, a consultant on nontraditional education who has worked with the F.B.I. in its crackdown, said he estimated the number of bogus diplomas that have been distributed worldwide to be "hundreds of thousands and quite possibly over a million—and I'm absolutely convinced it is becoming an even larger business."

The F.B.I. investigation began nearly four years ago, Mr. Ezell said, when North Carolina residents complained that a man was offering diplomas from a Southeastern University in Greenville, S.C. (not connected with the accredited private institution in the District of Columbia).

F.B.I. agents bought degrees and transcripts. *Continued on Page 14, Column 1*

## Fortunes Improve Dramatically for Academic Exchanges

By MALCOLM G. SCULLY

WASHINGTON

Federally financed educational and cultural exchanges, which faced the threat of virtual extinction less than three years ago, have undergone a dramatic shift in fortunes.

In 1981, the Reagan Administration proposed cutting support for the Fulbright program in half and eliminating Fulbright exchanges in more than half the 120 participating countries.

This year the Administration has asked for a \$20.3-million increase for the Fulbright fellowships and other exchange programs. The White House also wants an extra \$24.6-million to bring undergraduates from Central America to U.S. campuses and to finance other exchange activities proposed last year by the National Bipartisan Commission on Central America, widely known as the Kissinger Commission.

Altogether, the Administration is seeking

\$144.8-million for exchanges—an increase of almost 45 per cent.

"That's a bigger increase than the Defense Department is getting," said one Senate staff member.

Supporters of academic exchanges cite several reasons for the change since the "crisis" of 1981.

## U.S. May Cut Off Aid to Colleges in 3 Bias Cases

714 complaints settled to meet court's deadline

By CHERYL M. FIELDS

WASHINGTON

The Education Department has notified the University System of Georgia, West Georgia College, and Auburn University that it will move to cut off their federal education aid unless they resolve bias charges lodged against them.

The actions were taken as the department's Office for Civil Rights met a court-ordered deadline for disposing of a backlog of 761 discrimination cases involving colleges and schools throughout the country. The civil-rights office closed 714 of the cases by reaching settlements, finding that there was no discrimination involved, or finding that the agency had no jurisdiction, said Laurie Snow, a spokesman for the agency.

"Eighteen cases were referred to the Department of Justice for legal action, 27 are being taken to administrative enforcement, and two were tolled—carried over—which we can do under the court's order," said Ms. Snow.

### 20 Days to Resolve Complaints

In the Georgia system, West Georgia, and Auburn cases—the only higher education cases being taken to administrative enforcement—the institutions have 20 days to resolve the complaints that the Education Department's Office for Civil Rights found to be valid, or face administrative hearings that could lead to the termination of federal funds.

The civil-rights office contended that the *Continued on Page 20, Column 1*



## In Denver, Culture Is a 'Growth Industry'

A "cultural renaissance" has made Denver an attractive city for academic visitors, who can enjoy outstanding musical and theatrical performances. Less than an hour away, visitors can find what one local faculty member calls "some of the most awesome country in North America."

*For details, see Page 23.*

## 'In' Box

An aggressive new approach to employee fringe benefits has been toned down by Yale University in response to a recent statement by the Internal Revenue Service that questioned so-called "reimbursement" or "flexible-spending" accounts.

Representatives of other colleges and universities joined Yale in criticizing the I.R.S. statement. Benefits experts saw the statement as a threat to "salary reduction" plans, which allow employees to reduce taxable income before the year begins by setting aside some of their salary to pay for such benefits as medical care—and to receive any funds left over at year's end.

Yale is one of a handful of colleges and universities using salary reduction. Others include Dickinson and St. Olaf Colleges and Harvard and Carnegie-Mellon Universities. The Yale plan, however, allowed employees to reduce their salaries after they had incurred expenses, and to receive nontaxable reimbursements more frequently than once than a year.

Benefits experts had predicted that Yale's form of salary reduction—known as the Zero Balance Reimbursement Account, or Zebra—would be the main target of the I.R.S. assault. Because of the government's statement, Yale decided to strike that option from its benefits plan.

"We have suspended the part of the plan that has the Zebra stripe on it," said Richard L. Silva, director of personnel at Yale.

As a result, Yale employees now cannot come in with medical and dental expenses in hand and have them reimbursed through salary reduction, Mr. Silva explained. But they can still make a one-time decision to reduce their salaries to cover life-insurance and medical-insurance premiums, he added.

There has been "very little" reaction at the university, Mr. Silva said, pointing out that many employees there considered the Zebra option "too good to be true."

Representatives of several colleges and universities said they had consulted with benefit-planning groups to determine the scope of the recent I.R.S. statement, which was not considered legally binding. A more detailed regulatory proposal from the agency has been expected, but experts said last week they did not know when it might come.

Officials whose institutions have not featured Zebra accounts were more sanguine about the matter, indicating that they had not altered their plans after the I.R.S.'s statement.

Juanita R. Russell, associate director of personnel and benefits at Carnegie-Mellon, said that her institution was advising employees not to redo their taxes in response to the I.R.S. warning. "We think the I.R.S. will have a difficult time retroactively taxing either the employer or the employee," she said. "We spent a lot of time and a lot of legal expense to make sure this plan fit the description in the I.R.S. code."

## Personal & Professional

# Faculty Members, Administrators Obtaining Their Own Professional Liability Insurance

With litigation on the rise, says one professor, 'any fool can file a lawsuit against you'

By SCOTT HELLER

It took a "near miss" on the ski slopes to persuade William G. Droms to purchase disability insurance.

"I was ski racing with a friend and I went off the edge," recalls Mr. Droms, an associate professor of finance at Georgetown University. "As I was flying through the air and heading for the trees, I thought, 'Damn, I should have bought disability insurance.'"

Although he was not seriously hurt, Mr. Droms says he learned a lesson about insuring himself against injury in his hobby, and he purchased disability insurance the very next week. When it came to his job, however, he didn't wait for a near miss. After reviewing a faculty organization's plan for professional liability insurance two years ago, he immediately bought some.

For a \$30-a-year premium, Mr. Droms is covered for up to \$500,000 in damages. Although he says he is "probably over-insured," since Georgetown has a liability policy for its employees, he does not regret having the extra protection.

"Considering how many professors are being sued, this is cheap insurance," he says. "Any fool can file a lawsuit against you, and even if you know you've been completely law-abiding, it doesn't mean that it won't cost you money."

### Large Claims Breed Caution

Mr. Droms is one of several thousand faculty members and administrators who have purchased individual policies to supplement or complement their institutions' provisions, if any, for insurance or indemnification. In an atmosphere of increased litigation, with large monetary claims being made against institutions and their employees, people in academe are growing cautious and, perhaps, a bit scared.

Lawsuits against colleges and universi-



UNIVERSITY OF VIRGINIA  
Suits against colleges often name individual employees, observes Ronald Bouchard of U. of Virginia.

ties often name long chains of employees, as well as the institutions, as defendants. "They're shooting at everything," says Ronald A. Bouchard, assistant vice-president for personnel administration at the University of Virginia.

Being involved in litigation for the first time may be "the worst thing that can happen to a person, next to a terminal disease," says Robert J. Reinstein, legal counsel at Temple University.

To calm such fears, the American Association of University Professors, the National Education Association, and the American Federation of Teachers (A.F.L.-C.I.O.) are offering individual policies to protect a faculty or staff member in cases like these:

► A student sues his professor over a failing grade.



GEORGETOWN UNIVERSITY  
For \$30 a year, William G. Droms of Georgetown U. has bought \$500,000 in professional liability insurance.

► A secretary sues her boss over sexual harassment.

► A junior faculty member sues his colleagues over discrimination in their decision to deny him tenure.

The A.A.U.P. policy, which is nearly four years old, covers employees with respect to their professional duties as faculty members, department chairmen, librarians, researchers, or counselors. The coverage is particularly geared to, but not limited to, legal action that may arise from:

► Dismissal, suspension, disciplinary sanction, or layoff of a faculty member before the expiration of a term appointment.

► Nonreappointment of a probationary faculty member.

► Evaluation of students.

► Decisions affecting a colleague's salary.

Continued on Page 26, Column 1

# Women Trail Men in Faculty Salaries, Survey Finds

By JEAN EVANGELAU

Female faculty members at colleges and universities this year had slightly larger average salary increases, in percentage terms, than males—6.2 per cent compared with 6 per cent, according to a survey conducted for *The Chronicle*. However, while men are earning an average of \$29,015, women are receiving an average of \$23,855, nearly 18 per cent less.

The average salaries of both men and women teaching at private institutions lag behind those of their counterparts at public colleges and universities, the survey shows.

A table of survey results appears on Page 26. The figures represent the average salaries of full professors, associate and assistant professors, and lecturers.

On average, men were found to be earn-

ing more than women in all eight disciplinary categories included in the survey. The largest gap is in engineering and computer science, where men are earning \$9,000 more—35 per cent more—than women.

However, women in engineering departments have the highest average salary—\$25,948—among women in any of the disciplines. The lowest average earnings of women are in fine and applied arts, physical education, and science and mathematics. Women in those fields earn less than \$23,000 annually.

The average salaries of men and women are the closest in vocational education, a field that includes home economics, health, and nursing. Women earn about 10 per cent less than men in those fields.

The survey did not differentiate between men and women by rank and sex. It is

likely that some of the differences in average salaries can be attributed to the fact that women form a greater proportion of faculty members in the lower academic ranks, and receive the low salaries in those ranks.

The National Center for Education Statistics reported that in 1982-83 women accounted for 11 per cent of the full professors, 22 per cent of the associate professors, 36 per cent of the assistant professors, and 53 per cent of the instructors.

For instance, at Coe College the difference in men's and women's salaries is close to the \$3,300 difference the survey showed for private liberal-arts colleges, according to J. Preston Cole, vice-president and dean of the college. "But it's a

Continued on Page 26, Column 1

## Pay Raises

Continued from Page 21

misleading statistic," he said, "because the numbers have not yet equalized. The women full professors are new to that rank, and are earning less than men. We don't discriminate, but the data won't show it for a decade or so."

At Coe this year the salary increase was smaller than the overall 7.3-per-cent increase reported for private liberal-arts colleges, but Mr. Coe said increases in the past three years were 10 per cent or above. "The full professors get more in dollars," he said, "but an across-the-board increase would mean that the haves would get have-ier and the nots would get not-ier."

At Mercer University in Atlanta, faculty salaries increased by about 8 per cent this year, according to Provost Robert T. Sandin. Faculty salaries by age at Mercer are similar to the survey findings for all private institutions. Mercer is making an effort to increase the salary spread between the ranks, Mr. Sandin said.

"Most of the senior people have given the bulk of their lives to the institution," he said. "The institution can begin to exploit their dedication, and we're trying to compensate them. Those professors are a stabilizing force for Mercer."

At Clark County Community College in Nevada the average salary is close to the \$26,000 figure that the survey found for public two-year college professors. But because of budget cutbacks, the state legislature did not authorize salary increases this year. Dale Johnston, dean of educational services, said the college has been unable to fill two faculty positions in data processing and electronics because "we couldn't afford to pay for the people we wanted."

The survey was conducted for *The Chronicle* by John Minter Associates, a higher-education research firm in Boulder, Colo.

## CHRONICLE SURVEY

### Estimated Faculty Salaries for 1983-84

By sex, tenure status, and age

| Public Institutions    |                |              |                 |              |             |              |             |              |  |
|------------------------|----------------|--------------|-----------------|--------------|-------------|--------------|-------------|--------------|--|
|                        | Ph.D.-granting |              | Comprehensive * |              | 2-year      |              | Total       |              |  |
|                        | Average (a)    | Increase (b) | Average (a)     | Increase (b) | Average (a) | Increase (b) | Average (a) | Increase (b) |  |
| Men .....              | \$33,269       | 5.8%         | \$29,769        | 5.2%         | \$26,514    | 5.2%         | \$30,168    | 5.4%         |  |
| Women .....            | 27,357         | 6.8%         | 24,542          | 5.6%         | 24,271      | 5.7%         | 25,211      | 5.9%         |  |
| Tenured .....          | \$34,537       | 5.6%         | \$30,359        | 5.0%         | \$27,892    | 5.2%         | \$31,285    | 5.3%         |  |
| Not tenured .....      | 25,970         | 6.5%         | 22,969          | 6.5%         | 20,208      | 4.6%         | 23,817      | 6.3%         |  |
| Non-tenure track ..... | 21,008         | 6.9%         | 22,972          | 8.0%         | 23,498      | 5.8%         | 22,472      | 6.9%         |  |
| Age 35 and under ..... | \$25,205       | 7.6%         | \$23,489        | 6.0%         | \$21,660    | 6.1%         | \$23,555    | 6.7%         |  |
| Age 36 to 45 .....     | 31,964         | 6.0%         | 27,304          | 6.0%         | 25,321      | 5.4%         | 28,410      | 5.8%         |  |
| Age 46 to 55 .....     | 34,953         | 5.9%         | 30,896          | 4.6%         | 27,254      | 5.3%         | 31,162      | 5.2%         |  |
| Age 56 to 65 .....     | 37,415         | 3.8%         | 32,550          | 4.9%         | 29,632      | 4.3%         | 33,662      | 4.3%         |  |

| Private Institutions   |                |              |                 |              |                 |              |             |              |  |
|------------------------|----------------|--------------|-----------------|--------------|-----------------|--------------|-------------|--------------|--|
|                        | Ph.D.-granting |              | Comprehensive * |              | Bachelor's only |              | Total       |              |  |
|                        | Average (a)    | Increase (b) | Average (a)     | Increase (b) | Average (a)     | Increase (b) | Average (a) | Increase (b) |  |
| Men .....              | \$35,537       | 7.0%         | \$26,944        | 6.1%         | \$23,545        | 7.0%         | \$27,504    | 6.7%         |  |
| Women .....            | 29,817         | 6.4%         | 21,883          | 5.4%         | 20,274          | 7.6%         | 22,460      | 6.6%         |  |
| Tenured .....          | \$38,933       | 6.5%         | \$27,409        | 6.3%         | \$25,464        | 7.1%         | \$31,635    | 6.4%         |  |
| Not tenured .....      | 26,537         | 8.6%         | 21,254          | 5.4%         | 19,088          | 7.3%         | 23,234      | 6.7%         |  |
| Non-tenure track ..... | 24,975         | 9.1%         | 21,025          | 14.5%        | 17,258          | 7.3%         | 24,235      | 9.9%         |  |
| Age 35 and under ..... | \$26,473       | 8.7%         | \$20,636        | 6.4%         | \$18,432        | 7.4%         | \$22,495    | 7.3%         |  |
| Age 36 to 45 .....     | 30,279         | 7.6%         | 26,163          | 6.6%         | 23,476          | 8.1%         | 27,825      | 7.0%         |  |
| Age 46 to 55 .....     | 39,824         | 6.6%         | 27,792          | 5.4%         | 24,780          | 6.3%         | 33,441      | 6.1%         |  |
| Age 56 to 65 .....     | 45,782         | 5.4%         | 28,688          | 5.7%         | 27,499          | 6.0%         | 33,721      | 5.6%         |  |

By academic discipline and sex

|             | Arts, fine and applied |              | Business and economics |              | Engineering (c) |              | Humanities (d) |              |
|-------------|------------------------|--------------|------------------------|--------------|-----------------|--------------|----------------|--------------|
|             | Average (a)            | Increase (b) | Average (a)            | Increase (b) | Average (a)     | Increase (b) | Average (a)    | Increase (b) |
| Men .....   | \$26,896               | 6.6%         | \$29,768               | 5.7%         | \$35,028        | 7.5%         | \$28,226       | 6.0%         |
| Women ..... | 22,470                 | 5.9%         | 23,673                 | 6.4%         | 25,948          | 4.0%         | 23,928         | 7.7%         |

|             | Physical education |              | Science and mathematics |              | Social sciences |              | Vocational education (e) |              |
|-------------|--------------------|--------------|-------------------------|--------------|-----------------|--------------|--------------------------|--------------|
|             | Average (a)        | Increase (b) | Average (a)             | Increase (b) | Average (a)     | Increase (b) | Average (a)              | Increase (b) |
| Men .....   | \$26,359           | 5.7%         | \$29,742                | 5.6%         | \$28,670        | 5.5%         | \$27,184                 | 5.0%         |
| Women ..... | 22,599             | 5.5%         | 22,500                  | 5.6%         | 24,978          | 5.7%         | 24,353                   | 6.6%         |

\* Institutions with more than 1,500 students, a liberal-arts program, and at least one professional program.

(a) Salary figures are for full-professor, associate, assistant, and instructor levels. Figures for those employed on other than nine-month contracts are adjusted to a nine-month basis. Salary data include base salary only. They do not include fringe benefits or the value of contributed services.

(b) Increase of average salary for 1983-84 over average for 1982-83.

(c) Includes computer science.

(d) Includes language, literature, and communications.

(e) Includes home economics, health, and nursing.

Note: Survey data are based on responses of 2,100 faculty members who offered courses in the fall of 1983. A random sample was drawn from faculty lists that were revised on October 1, 1983.

Data are weighted to represent faculty members at colleges and universities of all types except law and medical schools, proprietary institutions, private two-year colleges, and colleges with fewer than 500 students. Technical inquiries about the survey design and sampling techniques should be addressed to John Minter Associates, P.O. Box 107, Boulder, Colo. 80306.

SOURCE: SURVEY FOR THE CHRONICLE BY JOHN MINTER ASSOCIATES

## Professional Liability Insurance

Continued from Page 21

ry, promotion, rank, leaves of absence, work assignment, or resignation.

The \$500,000 in coverage is payable only if other coverage—by the university or state agency—proves insufficient.

The N.E.A.'s Educators Employment Liability Program automatically covers its 60,000 higher-education members under their \$57 annual dues. However, the policy is more relevant for people in secondary schools than in higher education, according to Lynn Ohman, an N.E.A. legal-services representative.

Both N.E.A. and A.F.T. policies protect educators against financial losses of up to \$1-million in a civil-negligence suit, typically a sports-related accident, though they exclude various employee-versus-employee disputes, which the A.A.U.P. highlights in its plan. Ms. Ohman says, however, that the N.E.A. is "strongly considering" adding such coverage.

Although there have been few claims so far under professional liability insurance policies, many people have bought them as a "better safe than sorry" hedge against high personal damage claims. Policyholders may be unsure what their college's coverage will provide for them personally, or they may not want the institution's legal representation.

"In this litigious age, professors have with some frequency been subject to threats of legal action in connection with their official responsibilities," says Jordan E. Kurland, associate general secretary of the A.A.U.P.

"The responsibility of a faculty member—as teacher, as researcher, as someone engaged in university service on advisory and decision-making committees—is a unique kind of responsibility. We found that there was nothing on the market that really spoke to that particular need."

"There are some universities that just assume the obligation, but very few of them have it in their stated policies that they will, so it's very chancy," Mr. Kurland adds. "In other places, universities have just turned their backs on professors—or presidents for that matter—and said, 'You're on your own.'"

### Panel Members Vulnerable

For Mr. Droms of Georgetown, the idea of purchasing liability insurance first arose when a student threatened to sue him over a poor grade. The suit never materialized, but the professor says the incident led him to think about his liability as a member of the academic personnel committee of Georgetown's business school.

That panel determines merit-pay

raises, Mr. Droms explains, leaving its members particularly vulnerable to lawsuits from faculty members who are unhappy with the committee's decisions.

When he saw the A.A.U.P. insurance plan advertised in its journal, Mr. Droms says, he did more than sign up—he photocopied the ad for each member of the committee.

"My sense is that here we are well covered," he says, "but I don't think there's a statement of that. I think we're just born believing that Georgetown will protect us."

Georgetown officials would not disclose how the university protects its employees for professional liability. However, Mr. Reinstein of Temple and legal officers at other institutions say that, typically, liability coverage provides "blanket" protection in lawsuits, provided the employees were acting within the "scope of their employment."

"Employees almost invariably are acting within the scope of their duty, at least arguably," says Ray J. Aiken, former legal counsel for Marquette University and contributor to a book, *Legal Liabilities in Higher Education: Their Scope and Management*, published by the Association of American Colleges.

Thus, Mr. Aiken and other experts say, faculty members who serve on tenure-review panels and in other quasi-administrative roles are basically protected.

Those who purchase their own professional liability insurance, Mr.

Aiken adds, are responding to "individual instances that are publicized by the media, magnified to the point where people worry, 'Oh, it could happen to us.'"

While the legal vulnerability may not be great, experts advise all staff members, especially those at small colleges, to determine what coverage their institution provides and to weigh the merits of personal insurance accordingly.

### Different Situations

The situation differs between public and private institutions, and from state to state. Some states and institutions provide blanket coverage, says Virginia's Mr. Bouchard, while others pay employees' legal expenses out of their own funds as long as the individuals acted in "good faith." In many states, employees of public institutions are automatically indemnified by law.

Mr. Bouchard, who has been involved in personnel administration for more than 20 years, says college personnel officers are often direct targets for legal claims because of their responsibilities in the selection, retention, and dismissal of faculty and staff members.

To minimize the risk of being sued, Mr. Bouchard told a recent meeting of personnel officers, they should "make personnel administration more objective" by establishing clear policy standards and specifying the means for performance evaluation.

Nevertheless, he says, "one ought to have some means of protecting oneself. The exposures to litigation are just phenomenal."

The University of Virginia has a "sweeping" indemnification policy, Mr. Bouchard says, but the institution will not indemnify an employee if he or she acted with "gross negligence" or "willful misconduct."

Employees at Virginia have faith that the university will support them against damage claims, he adds. "Any approach short of saying that the benefit of the doubt is given to the administrator will cause everyone to give up serving on committees or in administrative roles that deal with gray-area questions."

In any case, the State of Virginia provides \$5-million in insurance for each of its employees—including those at the university—who may be subject to liability in supervisory roles. Nevertheless, Mr. Bouchard has also purchased "a bit" of professional liability insurance for himself.

While the decision to purchase an individual plan is debatable, liability experts say, university employees are still generally wary of encounters with the legal system.

"It's a very demoralizing thing for a faculty member to be called to task," says Richard Gaskins, dean of the School of Social Work and Social Research at Bryn Mawr College, and an expert on professional liability. "Insurance doesn't mean that you still don't have to go through the scrutiny of the judicial system."